

To: Rhode Island Renewable Energy Fund Advisory Board
From: Nancy Selman
Date: July 6, 2004
Re: Meeting Minutes for Jun 8, 2004

Next meeting dates: Second Tuesday of every month. For 2004: 7/13, 8/10, 9/14, 10/12, 11/9, 12/14

In attendance: See attached Attendance List.

- 1) Minutes and Update
 - a) Minutes 3 a,b and c – 15% payment is ok
 - b) Update –
 - i) 3 last line in middle has an extra “it”
 - ii) RECA – explanation was characterized as being vague – need more specific information
 - iii) Ponagansett HS is in Foster and Glocester Counties (for the Legislative Update)
- 2) RECA Large Customer Aggregation RFP Update – Think Energy, on behalf of five large electricity users, put out an RFP for green power in December of 2003. One vendor, Community Energy (“CEI”), was selected from the respondents and the aggregation group is currently in negotiations with CEI. Pricing for the green power offering, which consists of a RECs purchase structured as a contract for differences. A contract for differences is when the buyers pay the difference between 1) a preset “strike” price for the commodity electricity plus green premium and 2) the spot market rate for the commodity at any point during the contract period. Thus, as electricity prices go up, the contract for differences payment goes down and vice-versa, resulting in a hedge against commodity electricity. The strike price for this contemplated transaction is in flux and is creeping up. In addition, some of the RECA members have requested a hedge deal without a RECs purchase, which would not be subsidized by the Fund. Bob Grace is working with Mark Crowdis from Think Energy to model the economics of the deal, in particular the incentive being offered by the Fund. Currently, the incentive being considered consists of the following:
 - a) 5 years of Fund support for 60% of the green premium in those years capped at 0.75 cents per kilowatthour;
 - b) An estimated total purchase of 15,000 Mwhr annually;
 - c) Maximum annual exposure to Fund being talked about is \$112,000;
 - d) An estimated 30% of the green premium over the life of the contract will be paid for by the Fund;
 - e) The Fund’s incentive will leverage the installation of 5-6 MW of wind.The Board agreed to the structure of the incentive laid out by Bob Grace. Janice has received letters from Hyatt and BJ’s requesting the Fund’s support.
- 3) Energetech – A motion was made and seconded to ask the developer to consider a site near Block Island due to greater wave energy potential, with the understanding that the Fund would continue to support the project.
- 4) Parkview Middle School – Parkview Middle School is requesting a grant in the amount of \$5000 for travel expenses for students (some from lower socio-economic levels) to travel to Washington, DC, to participate in the NEED Youth Awards program. The Board approved the request.
- 5) Save the Bay PV System – Save the Bay is requesting an additional \$23,350 to complete the PV project at its new Fields Point facility. The increase in cost is due to design changes to accommodate the vegetated roof system. The Board approved the request.
- 6) PP&L – PP&L had three requests before the Fund:

- a) Small Customer Program registration of its 50% product that is currently being marketing through the Narragansett Electric GreenUp program. A recommendation was made by Bob Grace to accept the registration of the 50% product. The Board voted to approve the registration.
 - b) Removal of the Small Customer Incentive cap (the cap is equal to 50% of two years of product revenue for an average residence). PP&L maintains that the incentive cap is a disincentive to marketers to lower product prices. There were motions for both approving and denying the request. The deny motion was seconded and voted upon. The Board voted to deny the request to lift the incentive cap.
 - c) Small Customer Program Credit Support Requirement – The Small Customer Program requires that marketers provide a credit rating, letter of credit or similar credit support so that the incentive payment can be paid back to the Fund if the marketer leaves the market before 2 years is up. PP&L maintains that since the Fund is its primary backer that requiring additional credit support will only cost the Fund money without providing any additional value to the Fund. The Board approved PP&L's request for waiver of the Small Customer credit support requirement.
- 7) Bat Study – Bat Conservation International, through Atlantic Renewables, is raising money from the state clean energy funds to study bat kills at wind projects. The Board voted to approve \$5000 to support the study.
 - 8) RWU – Lefteris Pavlides has requested funding for one full time student fellowship in the amount of \$4800. The Board voted to approve the request with the following provisions for additional deliverables:
 - a) A prioritized list of sites in the Bristol area for a wind project; and
 - b) Next steps required to get a project built.
 - 9) RECA Workshop – An invitee list put together by Think Energy was passed around to the Board for approval and additions. A request was made to ask Think how the list was obtained and what the selection criteria were. Also it was noted that the representative from RISEO was dated.
 - 10) PV Open Incentive Program – A number of questions have come up regarding this program – which is a direct result of the greater use of the program by the public. The questions include “Does used equipment qualify for the same incentive as new equipment?” and “What should the cap be on system size for the open program?” CESA is doing a review of state fund solar programs and should have data in Fall 2004. At that time, Fund consultants will review the RI program in light of other state programs and make recommendations for updating the RI solar programs. A request for a \$50,000 incentive for a large residential system (10KW) has been received; Chris Warfel will inspect the site to make sure it is suitable for a system this size.
 - 11) PV RFP – The following recommendations were made with respect to the proposals to the PV RFP:
 - a) Whole Foods/SolarWrights – This request was approved assuming it could be lowered to the actual AC Kilowatts: $\$5 \times 24900 \text{ watts} = \$124,500$.
 - b) CSG – The Board agreed with the recommendation to ask CSG to lower the incentive request of \$7 per watt for 7 municipal systems through a combination of ways such as increasing the price of the electricity paid for by the host and taking advantage of tax incentives.
 - c) Chariho Public Schools – A recommendation was made and accepted to help Chariho to monetize the RECs for the project thereby lowering the incentive request.

Decisions:

- 1) The Board approved the Parkview Middle School grant in the amount of \$5000.

- 2) The Board approved PP&L's application to the Small Customer Program registration to register its 50% product that is currently being marketing through the Narragansett Electric GreenUp program.
- 3) The Board approved PP&L's request for waiver of the Small Customer credit support requirement.
- 4) The Board approved the Save the Bay is request for an additional \$23,350 to complete the PV project at its new Fields Point facility.
- 5) The Board approved a grant in the amount of \$5000 to Bat Conservation International (through Atlantic Renewables) to study bat kills at wind projects.
- 6) The Board approved a grant to RWU for one full time student fellowship in the amount of \$4800, subject to provisions for additional deliverables.
- 7) The Board approved an incentive payment \$124,500 (\$5 x 24900 watts) for the Whole Foods/SolarWrights PV project under the C&I PV RFP.

Actions:

- 1) Energetech will be asked to consider a site near Block Island due to greater wave energy potential.
- 2) Bob Grace and Think Energy will continue to work on the RECA Large Customer Incentive structure for the RECA aggregation RECs contract for difference purchase.
- 3) A letter will be sent to Save the Bay informing them of the approval of their grant request.
- 4) A letter will be sent to Parkview Middle School informing them of the approval of their grant request.
- 5) A letter will be sent to PP&L informing them of the acceptance of the 50% product into the Small Customer Program.
- 6) A letter will be sent to Atlantic Renewables informing them of the grant to BCI for the bat study.
- 7) A letter will be sent to Lefteris Pavlides informing him of the approval of his grant request.
- 8) The Fund's PV programs will be reviewed and updated when data is available from CESA on other state programs.
- 9) A letter will be sent to SolarWrights informing them of the incentive grant for Whole Foods.
- 10) CSG will be asked to consider other project structures to lower the amount of the needed incentive.
- 11) Chariho will be asked to attempt to monetize the RECs with an upfront payment for purchase of the RECs over time by a marketer.

Attendance:

Canada, Kate
Capobianco, Julie
Condon, Pat
Grace, Bob
Hartley, Doug
Hill, Michael
Jacobson, David
Lueker, William
McClanaghan, Janice
Rose, Vin
Selman, Nancy
Space, Will
Stearns, David

Stephens, Erich
Teichert, Kurt